

SEED CAPITAL INVESTMENT TAX CREDIT WORKSHEET INSTRUCTIONS

This credit, administered by the Finance Authority of Maine ("FAME"), is intended for investments in start-up businesses. FAME issues a certificate for the value of the credit. Fifteen percent of the authorized credit may be used for each of the first six years (beginning with the tax year the credit certificate is issued) and 10% in the seventh year. (For investments made prior to September 21, 2001, 50% of the authorized credit is allowed in each of two tax years.) A copy of the credit certificate must be attached to your tax return. Special rules apply to investments that qualify for the credit. If you have any questions regarding investments that qualify for the credit, call FAME at 1-800-228-3734. If a credit certificate is revoked by FAME, a portion of the credit relating to the revoked certificate may be subject to recapture. The recapture amount is equal to the amount of the credit revoked by FAME minus the amount of the credit not yet taken by the taxpayer. For details, *see* 10 M.R.S.A. § 1100-T and 36 M.R.S.A. §5216-B and FAME rules, Chapter 307. **For more information, you may visit the FAME web page at www.famemaine.com.** The credit is limited to 50% of the tax liability of the taxpayer in any one year. The credit may be carried forward for up to 15 years.

What investments qualify for the Seed Capital Investment Tax Credit? An aggregate investment up to \$1,000,000 per business is eligible. The investment must be at risk for five years. Investors must own less than 50% of the business and immediate relatives of principal owners are not eligible. An eligible investment is an investment in a business that:

- a) Is located in Maine;
- b) Has gross sales of \$3,000,000 or less per year;
- c) Is the full-time, professional activity of at least one of the principal owners; and
- d) Is a manufacturer, or a service provider with 60% of sales derived from outside the state, or engaged in the development of advanced technologies, or must bring significant capital into Maine.

SPECIFIC LINE INSTRUCTIONS

Please enter the taxpayer name and employer identification number ("EIN") or social security number ("SSN").

Note: In the case of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.), the partners, members, shareholders, beneficiaries, etc., are allowed a credit in proportion to their respective interest in these entities. Attach a schedule showing the credit generated by the pass-through entity and the assignment/distribution to each partner, shareholder, beneficiary, etc. Include the name, address, and federal ID number of the pass-through entity on the schedule and the name and SSN/EIN of each partner, shareholder, beneficiary, etc.

- Line 1. **For credit certificates issued in 2000.** Enter on this line the remaining 50% of the tax credit certificate amount for certificates issued in 2000. If you did not receive a credit certificate in 2000, enter 0.
- Line 2. **Carryover.** The amount of credit allowed in any one year is limited to 50% of the tax liability of the taxpayer. The carryover is the portion of the available credit not taken in previous years as a result of this limitation. The carryover period, however, is limited to 15 years. Enter any allowable carryover amounts on this line.
- Line 3. **Investment credit certificate amounts for investments made January 1, 2001 through September 20, 2001.** Enter 50% of credit certificate amounts relating to investments made January 1, 2001 through September 20, 2001.
- Line 4. **Investment credit certificate amounts for investments made September 21, 2001 through December 31, 2001.** Enter 15% of credit certificate amounts relating to investments made September 21, 2001 through December 31, 2001.
- Line 6. **Income Tax before credits.** Enter the amount from Form 1120ME, Line 7c or Form 1040ME, Line 23. Multiply by 50%. The amount of the credit cannot exceed 50% of the tax liability.
- Line 7. **Current Year Credit Amount.** This is the allowable credit amount for 2001.
- Line 8. **Carryover to next year.** Enter the unused credit amount here. That portion of the unused credit not exceeding the 15-year carryover period may be claimed on your income tax return next year. This amount may be increased by any amount on line 7 not utilized on Form 1120ME, Schedule C or Form 1040ME, Schedule A due to the use of other credits first.
- Line 9. **Credit amounts available in future years.** This is a breakdown of the allowable gross credit amounts that may be claimed in future years relating to credit certificates issued to you by FAME in 2001.



**SEED CAPITAL INVESTMENT TAX CREDIT
WORKSHEET For Tax Year 2001
36 M.R.S.A. § 5216-B**

TAXPAYER NAME: _____ EIN/SSN: _____

Note: Owners of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.) making an eligible investment, see instructions.

1. For certificates issued in 2000: 50 % of the credit certificate amount issued in 2000
(Attach copy of certificate) _____
 2. Unused credit amounts carried to 2001 (See instructions) _____
 3. Investment credit certificate amounts for investments made January 1, 2001 through
September 20, 2001 _____ X .50 _____
 4. Investment credit certificate amounts for investments made September 21, 2001 through
December 31, 2001. _____ X .15 _____
 5. Total credit available this year (Add lines 1,2, 3 and 4). Corporations, enter here and on
Form 1120ME, Schedule C, line 29a, on the Gross Credit line _____
 6. Tax before credits (Form 1120ME, line 7c or Form 1040ME, line 23) _____ X .50 _____
 7. **Current Year Credit amount:** Enter the smaller of line 5 or line 6 _____
(enter here and on Form 1120ME, Schedule C, line 29a or Form 1040ME, Schedule A,
line 9)
 8. Carryover: Line 5 minus line 7 plus any unused amount on Form 1120ME, Schedule C or
Form 1040ME, Schedule A. See instructions _____
-
9. Amount of credit available for future years relating to **investment credit certificates issued in 2001.**
 - a. 2002 (line 3 gross certificate amount above x .50 plus line 4 gross certificate
amount above x .15). Enter total here _____
 - b. 2003 (line 4 gross certificate amount above x .15)..... _____
 - c. 2004 (line 4 gross certificate amount above x .15) _____
 - d. 2005 (line 4 gross certificate amount above x .15) _____
 - e. 2006 (line 4 gross certificate amount above x .15) _____
 - f. 2007 (line 4 gross certificate amount above x .10) _____